

DIRECTORATE OF INTELLIGENCE

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Central Intelligence Bulletin

CONTENTS

Cambodia: The Communists apparently are making some organizational inroads in the countryside. (Page 1)

South Vietnam: Fighting has picked up in the northernmost part of the country. (Page 5)

South Vietnam: Violence by militant veterans' groups is beginning to spread outside Saigon. (Page 6)

Japan - North Korea: Tokyo may soon make some political gestures toward North Korea. (Page 7)

<u>Israel - Arab States</u>: Clashes with fedayeen on the <u>Jordan and Lebanon borders continue</u>. (Page 8)

<u>India:</u> Trouble resulting from the "land-grab" campaign is expected tomorrow. (Page 9)

Chile: A top military official says the army would not intervene if Allende won by a substantial margin. (Page 10)

Italy-Libya: Anti-Italian measures (Page 11)

25X1

Cambodia: The Communists apparently are making some organizational inroads in the countryside. claims that the Communists have been successful in lining up peasant support in Svay Rieng Province. In mid-April, the Tay Ninh Province party committee set up advisory teams to work with Cambodian Communists in Svay Rieng. Their primary task was to help establish pro-Sihanouk committees at village, district, and provincial levels. The key positions of chairman and section chiefs for military affairs, security, and civilian proselyting were to be held exclusively by Cambodian Communist party members. Viet Cong advisers were ordered to stay in the background, although they made all important decisions. a Viet Cong directive called for a battalion-sized unit at the province level and company-sized units for the districts. Between mid-April and late June, these and local defense units were being trained by the Viet Cong, but the Communists evidently were having some trouble fleshing them out. The Communists apparently were also organizing the general population into farmers', women's, and youths' associations. Special emphasis was placed on recruiting Buddhist monks, whom the Communists viewed as potentially important propagandists. Money and rice were gathered by voluntary donations, and each village set aside two acres of rice land for cultivation by the Communists. that villagers were cooperating to a "considerable degree" with the Communists, who were effectively exploiting Sihanouk's name. Parts of the province, particularly the Parrot's Beak area, have long been used by the Communists as military sanctuaries, and the Communists' organizational progress probably is greater there than it

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14 Aug 70 Central Intelligence Bulletin

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is in other areas.

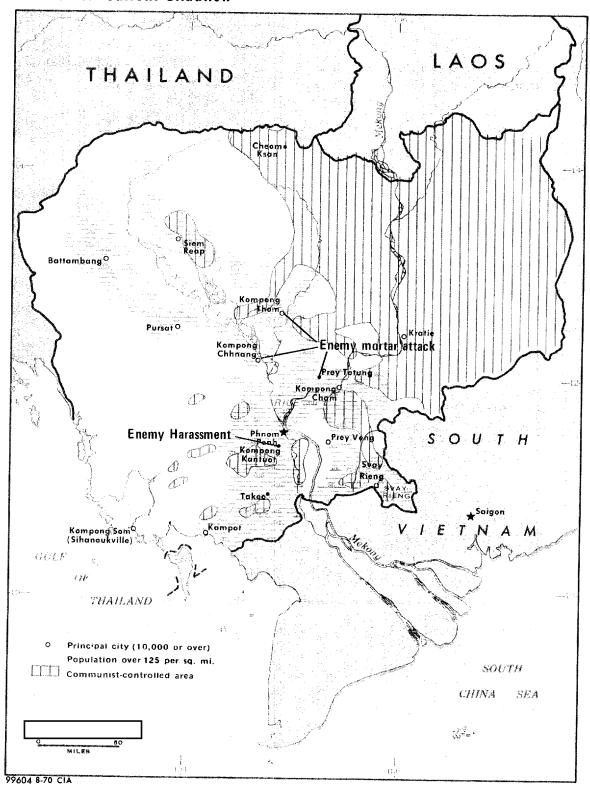
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CAMBODIA: Current Situation



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The Military Situation

The general lull in significant activity continued yesterday. In the west, Kompong Thom and Kompong Chhnang cities were shelled briefly, but no casualties were reported. The small town of Prey Totung, in Kompong Cham Province, was also hit by enemy mortar fire.

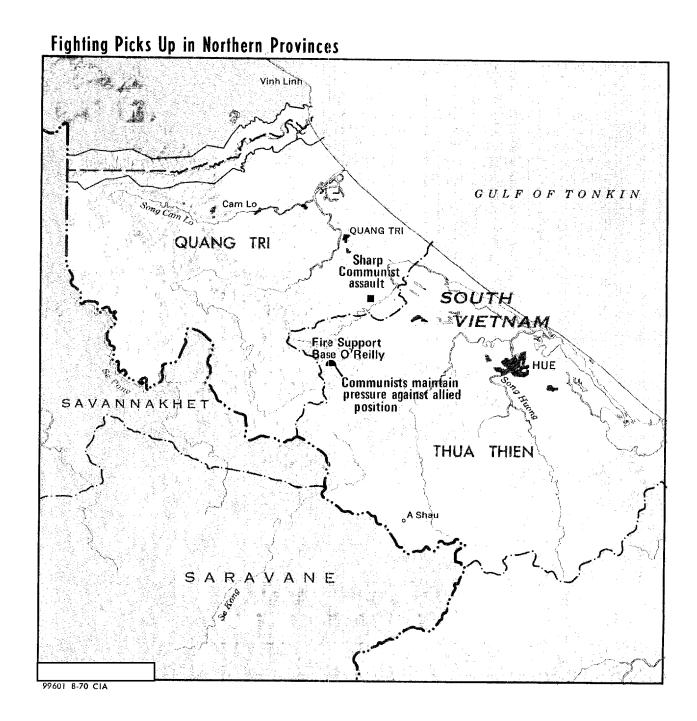
In Phnom Penh, Cambodian Army officers claimed that large numbers of enemy troops were sighted on 12 August moving southward toward the capital along the east bank of the Mekong. On the same night a government position at Kompong Kantuot, just south of the city, received light Communist harassing fire. It is not clear whether these reports indicate the Communists are closing in on the city, or merely reflect the increasing jitters of Cambodian commanders.

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14 Aug 70

Central Intelligence Bulletin

3



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South Vietnam: Fighting has picked up in the northernmost part of South Vietnam in what could signal a new Communist effort to undermine government pacification gains.

In one of their sharpest assaults in the northern lowlands in weeks, the Communists struck hard at a government Popular Forces unit south of Quang Tri city on 12 August, killing ten South Vietnamese and wounding 31. The South Vietnamese sent in reinforcements and, despite losses, fought well--reportedly accounting for more than 60 enemy dead and capturing 30 weapons. Several smaller engagements and enemy shellings have taken place in the nearby lowlands recently.

These Communist actions appear intended to counter the government pacification program, which has been relatively successful along the northern coast during the past two years. The Communists have not put a high military priority on this coastal region since 1968. In the interim, tens of thousands of South Vietnamese have been able to resume their normal occupations behind an as yet not seriously tested shield of territorial security forces. If the Communists keep up the pressure in the mountains, however, and at the same time make many more forays along the coast, government security gains may be severely challenged.

14 Aug 70

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Central Intelligence Bulletin

5

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South Vietnam: Violence by militant veterans' groups is beginning to spread outside Saigon and could add to the government's problems.

Since the clash between veterans and police in Nha Trang city last week, veterans' groups in two more provincial capitals have resorted to force. In Chau Doc, veterans seized hostages and fired on a South Vietnamese Army officer after an incident involving an attempt to arrest two draft dodgers on 12 August. Two rival veterans' factions staged an armed clash in Bien Hoa city on 13 August, and one group subsequently occupied the provincial headquarters without opposition from security officials.

There appears to be no over-all direction to the veterans' agitation, and the causes of the incidents are dissimilar. Many veterans around the country, however, are concluding that they can use force with relative impunity to get what they want. The Saigon government remains reluctant to crack down on the protesters because of the sympathy they enjoy in the army. If the violence continues to spread, however, the government will be forced to adopt tougher measures to bring the situation under control.

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14 Aug 70

Central Intelligence Bulletin

6

Japan - North Korea: Tokyo may soon make some political gestures toward North Korea to counter-balance Japan's deeper involvement in South Korea.

Last month, Tokyo for the first time granted passports to two Japan - North Korea Trade Association leaders for a round trip to Pyongyang. The Foreign Ministry now contemplates allowing a small group of North Korean trading agency officials to visit Expo '70 as private individuals.

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The Japanese are concerned that their growing commitment to South Korea may heighten tension in the peninsula, as Pyongyang's propaganda has already claimed. The Japanese, who contemplate the eventual possibility of less tenuous contacts with the North, are hoping to mitigate Pyongyang's distrust of Japan's intentions toward the peninsula and thereby contribute to a relaxation of tension in the area. Although vociferous protests from Seoul will no doubt be heard, the South Koreans are unlikely to go so far as to jeopardize their growing economic and political ties with Japan.

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14 Aug 70

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Central Intelligence Bulletin

7

Israel - Arab States: Clashes with fedayeen on the Jordan and Lebanon borders continue, but greater Israeli concern is directed toward alleged Egyptian/Soviet cease-fire violations in the Suez Canal area.	25X1

The Israelis, however, are more intensely concerned with alleged Soviet/Egyptian cease-fire violations along the Suez front. The Israeli press on 13 August headlined the Israeli Defense Force's claim that a number of SAM batteries had been moved after the cease-fire to within 10-20 kilometers of the canal. Minister of Defense Dayan told the Knesset yesterday that the "move-up" of SAM missiles was "fundamental" and of "military weight and significance." He added that Israel had asked the US to restore the situation to the status quo ante. Later press reports indicate that Israel has made a formal complaint to the UN.

* * * *

The Soviet-Iraqi communiqué issued yesterday at the conclusion of talks in Moscow indicates that sharp differences remain unresolved. Characterizing the talks as "frank," the document devoted only a few lines to the Middle East, in distinct contrast to the recent Soviet-Egyptian communiqué. It contained no mention of the need for a "peaceful solution" to the Middle East conflict, and ignored current diplomatic efforts. Moscow apparently was completely unable to alter Iraqi intransigence toward a political settlement, even on tactical grounds.

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14 Aug 70

Central Intelligence Bulletin

8

India: Trouble is expected in several parts of the country tomorrow, Independence Day, when the Communist Party of India plans to intensify its current "land-grab" campaign.

Authorities in the southernmost state of Tamil Nadu have taken special precautions. The state government has arrested nearly 5,000 Communist leaders and their supporters to prevent them from taking part in the attempted occupation of government land and surplus acreage held by large landowners. The Communists have many more potential land-grabbers in reserve, however, and it is difficult to see how they can be controlled in the state's more isolated areas.

In both Tamil Nadu and the other states where land-grab actions are planned, the security forces should eventually be able to evict the squatters. Some violence might occur, however, before the outlying areas could be pacified. Some rural landlords in Tamil Nadu are known to be apprehensive and have begun to evacuate their families to the towns.

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14 Aug 70

Central Intelligence Bulletin

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Chile: A top military official says that the Chilean Army would not intervene if Marxist candidate Allende won the presidency by a substantial margin. In a recent conversation with the US Army atta-25X1 rejected what he termed the blithe assumption by supporters of conservative former president Alessandri that the army would step in if he were defeated in the election on 4 September. said that officers believe that a move by them on Alessandri's behalf would trigger reaction in support of Allende by noncommissioned officers. criticized the poor campaign being run by Alessandri's backers and belittled their confidence in polls showing their candidate in the lead. 25X1 added that the intensive but low-profile eftorts of the Communist-leftist Popular Unity coalition backing Allende have been very effective. ascribed the present political calm--unusual in Chile so close to an election -- to the conviction of Allende's supporters that he will win. These remarks bear out growing evidence that high-ranking Chilean military officers are not committed to an Alessandri victory, and that they are aware of widespread political differences within the armed forces. 25X1

14 Aug 70

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Central Intelligence Bulletin

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Italy-Libya: Rome has reacted with both diplomatic and military measures to the recent decision of the Libyan Government to nationalize the
property of Italian residents and expel many of
them. At the request of Foreign Minister Moro,
the military has assembled paratroop, air, and
naval units in Sicily for possible use to assist
Italians in Libya. Moro has met with the Libyan
foreign minister to seek an equitable solution,
and has asked various other countries to intervene on Italy's behalf. Military action at this
point is unlikely, however, primarily because
Libyan authorities are now being more forthcoming in facilitating the departure of Italians.

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14 Aug 70

Central Intelligence Bulletin

11

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